

ACCELERATING TO
CARBON NEUTRALITY



TECHNICAL FACT SHEET AND GLOSSARY

FURTHER TECHNICAL DETAILS ON THE CARBON NEUTRAL COMMITMENT 2022

- By the end of 2022, **Nespresso** commits to be carbon neutral certified by the Carbon Trust.
- Since 2009 we have reduced our carbon footprint per cup by 24% (at the end of 2020 vs. 2009 baseline).
- **Nespresso** is following the standard PAS 2060 to achieve carbon neutrality. A Qualifying Explanatory Statement will be published following our certification.
- **Nespresso** will combine reduction and compensation mechanisms to achieve carbon neutrality.
- This is an important milestone within our commitment to achieve net zero carbon emissions by 2050 at the latest. The company intends to have its roadmap independently verified by a recognised third-party organisation.
- **Nespresso** will achieve net zero emissions by leveraging the following six levers of action:
 1. Regenerative Coffee production
 2. Ecodesign
 3. Renewable energy
 4. Recycling
 5. Logistics optimization
 6. Tree planting and reforestation



CARBON REDUCTION WITHIN THE NESPRESSO VALUE CHAIN

- Regenerative Coffee production: accelerate the work that we do with farmers we source our coffee from, encouraging and enabling the adoption of regenerative farming practices such as agroforestry, organic fertilisation, and soil cover.
- Ecodesign: focus on circularity and innovation, increasing the use of recycled and recyclable materials in the design of our capsules, accessories and machines and promoting refurbished machines.
- Renewable energy: continue to increase energy efficiency and move towards 100% renewable electricity across all Nespresso sites and boutiques, moving towards 100% renewable electricity in all Nespresso boutiques and Nespresso factories.
- Recycling: work with our customers and consumers to continue to drive up recycling rates for Nespresso capsules, investing in initiatives that make recycling easier and simpler and used coffee grounds a source of energy.
- Logistics optimisation: continue to work closely with our supply chain partners to introduce solutions and innovations that reduce carbon emissions throughout our operations, transport and delivery of our materials, goods and products.
- Tree planting and reforestation: scale our track record of 5 million tree planting within and around the coffee farms to further expand carbon sinks in and around the regions where we source coffee.



INSETTING WITHIN THE NESPRESSO VALUE CHAIN

- With its partner Pur Projet **Nespresso** is designing and implementing, nature-based projects in and around coffee farms in sourcing regions through insetting.
- Beyond carbon sequestration, investing in agroforestry within coffee farms and the surrounding landscapes will also allow **Nespresso** to deliver against its regenerative agriculture agenda. In addition to capturing carbon in the atmosphere, trees play a crucial role in building climate resilience, restoring ecosystems and offering new income opportunities to farmers through the sale of timber and fruits.



HIGH QUALITY OFFSETTING

Nespresso will work with a range of partners to implement Verified Carbon Standard (VCS) or Gold Standard certified offsetting initiatives, such as supporting forest conservation, sustainable forest management and investing in clean energy within farming communities.



NESPRESSO'S DEFINITIONS OF KEY TERMS USED IN THE CARBON NEUTRALITY PRESS RELEASE

CARBON NEUTRAL

Carbon neutral describes the state of a company and its products where the residual greenhouse gas (GHG) emissions (after reduction at source) are fully compensated by investing in carbon projects delivering carbon capture and GHG emissions avoidance.

DECARBONIZATION

The elimination of the sources of greenhouse gas (GHG) emissions in the company value chain. It concerns the fossil fuel-based materials and energy. It is often achieved by avoiding activities that generate emissions (e.g. the combustion of fossil fuels energy, for instance replacing gas roasting by renewable energy roasting) and/or preventing the release of emissions that continue to be generated (e.g. through the capture and permanent sequestration of emissions before they are released in the atmosphere).

CARBON INSETTING

Carbon insetting is a compensation mechanism occurring in a company's value chain, such as in the coffee producing countries for **Nespresso**. A carbon inset occurs when an individual company or organization removes greenhouse gases from the atmosphere by investing into carbon sinks. Carbon insets are made available in the form of carbon removal equivalents.

Note: **Nespresso** is a founding member of the International Platform for Insetting.

CARBON OFFSET

A carbon offset is a compensation mechanism occurring outside the company scope. It occurs when an individual company or organization directly or indirectly removes greenhouse gases from the atmosphere (by funding projects in other locations) or prevents a certain quantity of greenhouse gases from being released. Carbon offsets are made available in the form of carbon credits. The quality of the offsetting has two main components. First and foremost, a quality offset credit must represent at least one metric tonne of additional, permanent, and otherwise unclaimed CO₂ emission reductions or removals. Second, a quality offset credit should come from activities that do not significantly contribute to social or environmental harms.

Note: Offsets are calculated relative to a baseline that represents a hypothetical scenario for what emissions would have been in the absence of the mitigation project that generates the offsets.

SCOPES 1, 2 AND 3

Scope 1 is a company's direct emissions, produced by its operations, such as its factories, shops or logistics. Scope 2 refers to the emissions produced in creating the energy used by the business, such as the electricity used in its offices or the fuel in its cars. Scope 3 are the emissions that are a consequence of the company's operations but are not owned or controlled by the business, such as the emissions created in the production of its raw materials.

THE POSITIVE CUP STRATEGY : PROGRESS TO DATE

Nespresso launched The Positive Cup strategy in 2014, the company's sustainability strategy towards the end of 2020. It's based on the Nestlé approach to Creating Shared Value and incorporates ambitious goals in the areas of coffee sourcing and social welfare; aluminium sourcing, use and disposal; and resilience to climate change.

A review of our achievements can be found here:

www.sustainability.nespresso.com/our-progress